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**THE ORLANDO REALTY CORPORATION
LIMITED**

**NOTE TO UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

June 30, 1973

The 1972 comparative figures have been restated to reflect the change made by the Company December 31, 1972 in the basis of reporting revenue from contracts of the general contracting division to the percentage-of-completion basis. As a result of this change in accounting policy, consolidated net earnings for the period ended June 30, 1972 have been increased by \$41,955 or 3¢ per share (net of income taxes of \$43,667).

**THE ORLANDO REALTY CORPORATION
LIMITED**

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MISSISSAUGA, ONTARIO
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Transfer Agent and Registrar

Guaranty Trust Company of Canada
88 University Avenue
Toronto, Ontario

**THE ORLANDO REALTY
CORPORATION LIMITED**

INTERIM REPORT

FOR THE SIX MONTHS
ENDED JUNE 30, 1973.
with comparative figures
for 1972.

THE ORLANDO REALTY CORPORATION LIMITED

REPORT TO THE SHAREHOLDERS

Consolidated net earnings for the six month period ended June 30, 1973 were \$542,778 (after extraordinary item), an increase of 158% over 1972 net earnings of \$210,743 for the same period. This represents per share earnings for the six months of 41¢ compared with 16¢ in 1972. Cash flow from operations amounted to \$1,241,818 (94¢ per share) compared with \$594,698 (45¢ per share) in 1972.

In the first half of 1973 your Company completed construction of twelve projects comprising 684,380 square feet of industrial space and at June 30, 1973 a further nine projects comprising 1,586,750 square feet were under construction. More than half of this space will be retained in the Company's rental portfolio and as these properties are all preleased they will make a significant contribution to future net rental income.

Construction of the 1000 Islands Mall Shopping Centre (50% owned) in Brockville, is nearing completion and opening is scheduled for September 1973. Plans are underway for development of the Bridlewood Mall Shopping Centre on a twenty-two acre site in North East Metro Toronto and construction on this project is expected to commence before year end. Expansion of a number of the Company's existing Shopping Centres is being studied and several new sites are being investigated throughout Ontario.

The increase in net earnings for the six month period ended June 30, 1973 is considered indicative of the rate of growth that can be expected for the entire year, resulting in 1973 being a most exciting and profitable year for Orlando.

OREY FIDANI,
President

August 23, 1973

CONSOLIDATED STATEMENT OF EARNINGS For the six months ended June 30, 1973 (Unaudited)

	1973	1972
Revenue		
Rental income	\$ 3,113,016	\$ 2,656,853
Property operating expenses	595,188	527,788
Mortgage interest	1,447,535	1,186,726
Depreciation	182,336	150,000
Net rental income	2,225,059	1,864,514
Construction contracts and sales of asphalt	887,957	792,339
Property sales	7,235,804	1,660,210
	2,575,477	—
Direct costs	9,811,281	1,660,210
Profit on construction contracts and sales	9,171,138	1,528,633
Profit from joint venture	640,143	131,577
land development	275,397	18,754
Interest and sundry income	165,089	193,006
	1,968,586	1,135,676
Expenses		
Selling, general and administrative	671,858	587,624
Interest other than mortgage interest on income producing properties	117,217	33,981
Amortization of deferred expenses	15,346	22,517
Depreciation of property, plant and equipment	79,866	54,352
	884,287	698,474
Net earnings before income taxes and extraordinary item	1,084,299	437,202
Income taxes — current	89,149	35,353
— deferred	464,062	191,106
	553,211	226,459
Net earnings before extraordinary item	531,088	210,743
Extraordinary item	—	—
Income tax reduction on application of prior years' losses of subsidiaries	11,690	—
Net Earnings	\$ 542,778	\$ 210,743
Number of shares outstanding	1,320,700	1,310,700
Earnings per share		
Before extraordinary item	40¢	16¢
After extraordinary item	41¢	16¢

(See accompanying note 1)

CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH For the six months ended June 30, 1973 (Unaudited)

	1973	1972
Source of Cash		
Operations		
Net earnings	\$ 542,778	\$ 210,743
Add: Charges not requiring a cash outlay:		
Depreciation	262,202	204,352
Deferred income taxes	464,062	191,106
Amortization of deferred expenses	15,346	22,517
	1,284,388	628,718
Deduct: Equity in undistributed cash flow from operations of associated company	42,570	34,020
Cash flow from operations	1,241,818	594,698
Mortgage loans	4,376,437	448,000
Disposal of land held for development	2,221,793	211,200
Proceeds from exercise of options for common shares	100,000	—
	7,940,048	1,253,898
Increase in net bank indebtedness	3,049,296	2,668,911
	\$10,989,344	\$ 3,922,809
Use of Cash		
Land and construction costs for income producing properties	\$ 6,009,975	\$ 1,410,798
Land held for development	3,325,039	432,551
Property, plant and equipment (net)	382,865	75,470
Principal repayments on mortgages	812,043	81,836
Reduction of minority interest in Select Properties Limited	8,849	1,500,776
Net change in other assets and liabilities	450,573	421,378
	\$10,989,344	\$ 3,922,809
Number of shares outstanding	1,320,700	1,310,700
Cash flow per share from operations	94¢	45¢